

which provided for inscriptions on the notes to the effect that the bank would redeem them in gold coin without limitation as to amount, that redemption was guaranteed by all the resources of the state, and that the notes should be received at par throughout the Empire.

These measures were not taken without misgivings, both at home and abroad, as to the possession of sufficient economic power by Russia to retain her laboriously accumulated gold funds in the face of adverse conditions of trade or foreign war. But these factors had been anticipated and measured by Count Witte. In his report on the budget of 1898, he discussed the conditions necessary to the success of the reform and did not fail to include among them the maintenance of equilibrium in the budget and good faith by Russia toward her foreign creditors. Evidence of the latter had been given in the most explicit terms by an order of the Emperor, issued in connection with the law of January 3, 1897, which declared that, in the payment of engagements previously contracted in gold roubles, the coins should continue to rank only at their old face value, instead of at the new value one-half higher.¹ Proof of the determination to separate the affairs of the bank finally and absolutely from those of the public Treasury was afforded, on the morrow of the crisis of 1899, by an ukase which directed that the last 50,000,000 roubles of the State debt to the bank on account of the paper issues be cancelled from the free cash balance of the Treasury and that the issue of bills of credit should never again serve as an auxiliary resource in the public finances.³

To both the tests of financial troubles at home and serious war in the East, the Russian monetary system was subjected within seven years after it was fairly put in operation in 1897, and in both tests it met without disaster. The scarcity of capital which afflicted Europe in 1899 reacted seriously upon

¹ By a semi-official interpretation this rule was extended to engagements contracted in "metallic roubles."—*Bulletin Russe de tiqne*, Nov.-Dec., 1896, III., 740.

³ Raffalovich, *Le Marché Financier en 1899*, 810.